

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 SP-03

AID-20 EB-11 NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 INR-10 NSAE-00 DOTE-00

PA-04 PRS-01 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 DRC-01 /140 W
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O R 031930Z APR 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 5915

INFO USCINCSO

AMEMBASSY BRASILIA

AMEMBASSY SANTIAGO

C O N F I D E N T I A L BUENOS AIRES 2392

USCINCSO FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, US, AR

SUBJECT: CUBAN TRADE ISSUE

REF: STATE 063466, AND BA-2277

1. SUMMARY: FONMIN VIGNES HAS PUBLICLY REAFFIRMED THAT QUESTION OF CAR SALES TO CUBA IS MATTER ENTIRELY WITHIN ARGENTINE COMPETENCE, AND HAS INDICATED HE WILL RAISE MATTER OF SANCTIONS AGAINST CUBA AT MEETINGS IN WASHINGTON AND ATLANTA. SEVERAL UCR SENATORS ARE PRESENTING RESOLUTION PROTESTING SECRETARY SHULTZ' STATEMENTS AND UCR IS TAKING EVEN FIRMER POSITION ON QUESTION OF CAR SALES THAN IS GOA. LATTER WOULD FIND IT EXTREMELY DIFFICULT POLITICALLY TO ALTER ITS POSITION EVEN IF IT WISHED TO DO SO. END SUMMARY.

2. TEXT OF GELBARD STATEMENT REQUESTED BY STATE 063466 WAS
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FORWARDED BY BA-2277.

3. IN NEW DEVELOPMENTS, FONMIN VIGNES IN PRESS CONFERENCE ON MAR 30, WHEN QUESTIONED ON ARGENTINE POSITION REGARDING SALE OF CARS TO CUBA, DECLARED: "I HAVE ALREADY TAKEN A CLEAR AND DEFINITE POSITION ON THAT. ARGENTINE FIRMS WITH US CAPITAL OPERATING IN ARGENTINA ARE SUBJECT TO ARGENTINE LAW AND MUST FOLLOW THE ECONOMIC POLICY DECIDED UPON BY ARGENTINA WITHOUT DISCRIMINATION OR CAVEATS OF ANY KIND. THAT IS THE ARGENTINE POSITION."

4. VIGNES ALSO INDICATED THAT ARGENTINE CONCERN OVER ISOLATION OF CUBA WOULD BE RAISED IN WASHINGTON AND ATLANTA MEETINGS. CONTINUATION OF SANCTIONS AGAINST CUBA WAS ANACHRONISM WHICH PERTURBED INTER-AMERICAN RELATIONS, HE SAID, BUT DENIED THAT ARGENTINA INTENDED TO REQUEST THAT CUBA BE INVITED TO UPCOMING MEETINGS.

5. ALSO AS OF MAR 30, THREE PROMINENT UCR SENATORS WERE REPORTED BY PRESS TO BE IN PROCESS OF PRESENTING RESOLUTION PROTESTING AS VIOLATION OF ARGENTINE SOVEREIGNTY SECRETARY SHULTZ' STATEMENTS ON CAR SALES.

6. VIGNES STATEMENT AND INITIATION OF ACTION IN SENATE ARE EVIDENCE THAT PRESSURES ARE CONTINUING TO BUILD HERE ON ISSUE OF CAR SALES TO CUBA. PRINCIPAL OPPOSITION PARTY, THE UCR, IS IF ANYTHING AHEAD OF THE GOVERNMENT ON THIS ISSUE, AS INDICATED BY FACT THAT UCR SENATORS, NOT PERONISTS, ARE FIRST TO TAKE ACTION IN SENATE. SEVERAL UCR POLITICIANS HAVE COMMENTED TO EMBOFFS IN PAST FEW DAYS THAT THEIR PARTY WOULD SEE AS SELL-OUT OF NATIONAL INTERESTS ANY ATTEMPT ON PART OF GOVERNMENT TO BACK AWAY FROM POSITION THAT U.S. COMPANIES INCORPORATED IN ARGENTINA MUST SELL CARS TO CUBA IN FURTHERANCE OF ARGENTINE-CUBAN TRADE AGREEMENT. SOME POLITICIANS HAVE EXPRESSED SATISFACTION THAT THEY SEE NO INCLINATION ON PART OF GOVERNMENT TO CHANGE COURSE ON THIS QUESTION.

7. ABOVE DEVELOPMENTS REEMPHASIZE THAT U.S. DECISION IN THIS CASE IS SEEN BY ARGENTINES AS GOING FAR BEYOND QUESTION OF TRADE WITH CUBA. ONE UCR DEPUTY, WHO IS MEMBER OF

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FOREIGN RELATIONS COMMITTEE OF CHAMBER OF DEPUTIES, RECENTLY PUT IT IN FOLLOWING TERMS TO EMBOFF: "U.S. HAS SPOKEN OF NEW APPROACH IN LA, WITH OPEN DIALOGUE AND FULL RESPECT FOR NATIONAL SOVEREIGNTY. QUESTION OF CAR SALES TO CUBA IS CLEARLY ONE FULLY WITHIN COMPETENCE OF ARGENTINE SOVEREIGNTY. BY REACTION OF U.S. TO THIS QUESTION, WE ARGENTINES, AND REST OF LA, WILL BE ABLE TO DETERMINE HOW SINCERE IS U.S. PLEDGE TO RESPECT SOVEREIGNTY AND HOW MEANINGFUL IS NEW

U.S. APPROACH IN THE HEMISPHERE."

8. IF THE PRESENT GOOD STATE OF US-ARGENTINE RELATIONS IS NOT TO BE SERIOUSLY DAMAGED. USG MUST FIND WAY TO RESOLVE THIS MATTER, EITHER BY GRANTING OR WAIVING LICENSES, OR FINDING SOME OTHER WAY AROUND THE PROBLEM. ONE SUCH WAY, FOR INSTANCE, MIGHT BE FOR USG TO ARRIVE AT FINDING THAT NO LICENSE OR WAIVER IS NEEDED WHEN US-OWNED SUBSIDIARY IS ACTING AT BEHEST OF FOREIGN HOST GOVERNMENT AND, THEREFORE, PRESUMABLY AS ITS AGENT FOR PURPOSES OF TRADE WITH CUBA.
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